

OKLAHOMA SECRETARY OF STATE



SOS



9466200002

**Statement of Charitable Organization**Statement (☒ Renewal) (☐ Update)

Oklahoma Secretary of State, 2300 N. Lincoln Blvd., Room 101, Oklahoma City, OK 73105-4897  
 Telephone: (405) 521-3912

- 1a. The legal name of the charitable organization: Mountain States Legal Foundation
- 1b. The organization's employer identification number: 84-0736725
- 
2. Any other name the organization may be identified as or known as, and any distinctive names the organization uses for the purposes of public solicitation of contributions: n/a
- 
- 3a. The organization is a: ☒ corporation ☐ partnership ☐ other legal entity \_\_\_\_\_
- 3b. When & where was the organization formed to do business?
- Month, day, year April 25, 1977 State/Country Colorado/USA
- 3c. Fiscal year ends month/day: December 31
- 
- 4a. The street address of the charitable organization:
- |                      |          |           |       |            |
|----------------------|----------|-----------|-------|------------|
| 2596 South Lewis Way | Lakewood | Jefferson | CO    | 80227-2705 |
| Street               | City     | County    | State | Zip Code   |
- 4b. The mailing address of the charitable organization, if different: n/a
- 
5. The principal business telephone number (include area code): 303-292-2021
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6. The purposes for which the contributions solicited or accepted are to be used: To engage in nonpartisan legal research, study and analysis for the benefit of the general public and to engage in litigation on behalf of its members and itself on issues of public interest.  
 (No contribution or any portion thereof shall enure to the private benefit of any voluntary solicitor.)

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OF STATE**

7. The name and street address of the person who will have custody of the contributions:

William Perry Pendley  
2596 South Lewis Way  
Lakewood, CO 80227-2705

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8. The name and street address of the person(s) responsible for the distribution of funds collected:

William Perry Pendley  
2596 South Lewis Way  
Lakewood, CO 80227-2705

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9. The period of time during which such solicitation is to be conducted:

Throughout the year, direct mail solicitations

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10. A description of the specific method or methods of solicitation:

☐ personal contact      ☒ direct mail      ☐ telephone

☐ television      ☐ radio      ☐ other \_\_\_\_\_

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11. Solicitation will be conducted by:    ☐ voluntary, unpaid solicitors      ☒ paid solicitors      ☐ both
- 

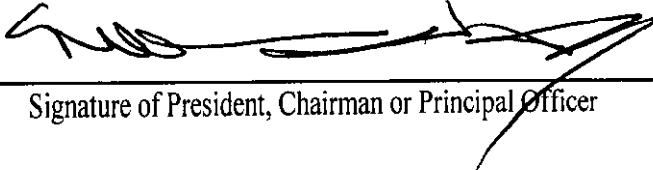
12. **IF** your organization contracts with or otherwise engages the services of any outside fund raising professional (such as a "professional fund raiser," "paid solicitor," "fund raising counsel," or "commercial co-venturer") the information listed on the page titled "**Charitable Organization Registration Attachment: Professional Fund Raiser Information**" of this form must be submitted for **each** professional with this application.

#### REQUIRED ATTACHMENTS

13. A copy of Internal Revenue Form 990 as filed by the charitable organization for the most recently completed fiscal year; or for the initial registration of a newly formed organization, a copy of a letter from the Internal Revenue Service, or other evidence, showing the tax exempt status of the charitable organization.
14. A complete list of the names, street addresses, and title or position, of **each** officer, including each principal salaried executive staff officer, director, and trustee of the charitable organization.

## EXECUTION AND ACKNOWLEDGMENT

I, the undersigned, being duly authorized to sign on behalf of the charitable organization named herein, have caused this application to be executed this 5 day of May, 2008, and that the contents of the application and each supporting document are true, to the best of my knowledge, and complete.



\_\_\_\_\_  
Signature of President, Chairman or Principal Officer

William Perry Pendley

\_\_\_\_\_  
Type or Print Name

President and Chief Legal Officer

\_\_\_\_\_  
Title

# Charitable Organization Financial Statement

**NOTE: Every charitable organization which has received contributions during the previous calendar year SHALL file a financial statement WITH its initial registration, and WITH each annual renewal, thereafter, which contains the most recent information as follows. This form must also be signed and acknowledged.**

1. The legal name of the charitable organization: Mountain States Legal Foundation

2. The street address of the charitable organization:

2596 South Lewis Way	Lakewood	Jefferson	CO	80227-2705
Street	City	County	State	Zip Code

3. The telephone number of the charitable organization: 303-292-2021

4. This report is for the calendar or fiscal year ending: December 31, 2007

4a. The gross amount of the contributions collected: 2,826,558

4b. The gross amount of the contributions pledged: 0

5a. The gross amount **given** to the charitable purpose represented: 2,826,558

5b. The gross amount **to be given** to the charitable purpose represented: 0

6a. The aggregate amount **paid** for the expenses of such solicitation: 649,894

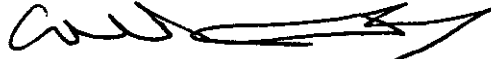
6b. The aggregate amount **to be paid** for the expenses of such solicitation: 0

7a. The aggregate amount **paid** to professional fund raisers and solicitors: 143,650

7b. The aggregate amount **to be paid** to professional fund raisers and solicitors: 0

## EXECUTION & ACKNOWLEDGMENT

I, the undersigned, being duly authorized to sign on behalf of the above named charitable organization, have caused this financial statement to be executed this 05 day of May, 2006; and that the contents of this statement and any supporting document(s) are true and, to the best of my knowledge, complete.



\_\_\_\_\_  
Signature of President, Chairman or Principal Officer

William Perry Pendley, President and Chief Legal Officer

\_\_\_\_\_  
Print or Type Name

**CHARITABLE ORGANIZATION REGISTRATION  
ATTACHMENT  
Professional Fund Raiser Information**

(Complete one (1) form for each professional fund raiser. Form may be duplicated.)

- a. Legal name of outside fund raising professional:

Eberle Associates, Inc.

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- b. Street & P.O. box address 1420 Spring Hill Road, Suite 490; McLean, VA 22102

- c. Telephone number (including area code): 703-821-1550

- d. Location of offices used by them on behalf of your organization

1420 Spring Hill Road, Suite 490; McLean, VA 22102

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- e. Simple statement of services provided

Direct mail solicitations

- f. Describe the basis of payment and nature of the arrangement. A copy of the contract or other agreement **MUST** be attached. **"See contract"** is **unacceptable** for description. Payment is made to Mountain States Legal Foundation net of all mailing and administration expenses incurred on behalf of Mountain States Legal Foundation. Income consists of proceeds from donors who have donated through the direct mail program.

- g. Does the professional solicit on your behalf? ☒ yes ☐ no

- h. Does the professional have custody or control of donations at any time? ☒ yes ☐ no  
Funds are deposited in an escrow account and paid out of the escrow account to cover Eberle expenses and donation proceeds.

- i. Specific amount or percentage of compensation **paid or to be paid** to the professional fund raiser:  
\$80 per 1,000 fundraising packages processed and mailed
- 

- j. Property of any kind or value **paid or to be paid** to the professional fund raiser:  
No property payments
- 

- k. Percentage value of compensation paid to the professional fund raiser as compared to the:

(1) Total contributions received: 5%

(2) Net amount of total contributions received: 7%

# DIRECT MAIL FUND RAISING COUNSEL AGREEMENT

AGREEMENT made this 27<sup>th</sup> day of June, 1999, between Bruce W. Eberle & Associates, Inc., 1420 Spring Hill Road, Suite 490, McLean, Virginia 22102, hereinafter called Eberle, and Mountain States Legal Foundation, 707 17<sup>th</sup> Street, Suite 3030, Denver, CO 80202, hereinafter called the Client.

WHEREAS, the Client is desirous of engaging the services of Eberle, it is agreed as follows:

1. **Appointment and Authorization.** Eberle is hereby retained and appointed as the Client's exclusive fund raising counsel for its direct mail fund raising program and list rentals, subject to the terms and conditions of this Agreement. The Client, however, retains the right and authority to continue to engage in in-house direct mail fund raising, including fund raising to those donors on its Eberle generated donor list. The retention of the services of outside contractors to perform logistical support with regard to those in-house mailings shall not constitute a breach of the Client's acknowledgement that Eberle is the Client's exclusive out-of-house direct mail fund raiser.
2. **Services.** Eberle shall provide the following services to the extent necessary to meet the Client's needs:
  - a. *Issues and Copy.* Counsel and advise the Client on issues and copy the Client wishes to use in its direct mail fund raising program. At the direction of the Client, Eberle will prepare draft copy for the Client's review and approval. The Client retains the authority to review, and to approve or disapprove the contents of any mailing undertaken on behalf of the Client to the Eberle generated Client donor list or to any rental list used for the Client.
  - b. *Mailings.* Counsel and advise the client on timing of mailings and list usage as well as promotion.
  - c. *Vendors.* Eberle will counsel and advise the Client on negotiating, arranging, and entering into agreements. At the direction of the Client, Eberle will negotiate, arrange and enter into agreements on behalf of the Client for any materials and services to be used in the direct mail fund raising program.
  - d. *List Rental Promotion.* At the direction of the Client, Eberle will promote the rental of all Client owned mailing lists.
3. **Compensation.**
  - a. *Creative/Coordination Fee.* Eberle shall receive compensation in the sum of eighty dollars (\$80) per one thousand (1000) fund raising packages processed by the mailing house for mailing under the

terms of this Agreement. A package shall include solicitation letter and other enclosures.

- b. *CPI Adjustment.* Eberle compensation as enumerated in paragraph 3.a. shall be subject to an adjustment at the beginning of each calendar year in an amount equal to the increase in the United States nationwide Consumer Price Index prepared by the United States Bureau of Labor Statistics, but shall in no event be less than the amounts set forth in paragraph 3.a.
- c. *List Rental Approval and Commissions.* Eberle or its agent shall receive a commission of 20% of the standard list rental charge and/or exchanges made directly to organizations and a 40% commission on list rentals placed to other brokers or agencies, out of which Eberle will pay the other brokers' fees. It is further understood and agreed that Omega List Company may at times serve as Agent for Eberle. The Client retains authority to approve or disapprove the rental of its Eberle generated donor list. If the Client approves the rental of its Eberle generated donor list, it shall retain the right to review, and approve or disapprove the contents of any mailing to its Eberle generated donor list.

**4. Billing and Payment.**

- a. *Billings.* Eberle shall render billings from time to time as necessary on its standard forms and they shall be paid no later than on the due date stated therein.
- b. *List Rental Application.* If during the term of this Agreement invoices due Eberle, Omega List Company and/or the ECG Data Center are at any time sixty (60) days or more past due, Eberle shall have the unrestricted right to apply list rental income received to payment of their invoice(s) and to rent the list created under this Agreement and apply the list revenue income from such rentals to payment of their invoice(s) subject to the provisions of 2.a.
- c. *Advances.* It is understood and agreed that any funds advanced by Eberle or third parties for postage and other direct mail fund raising services or materials shall be reimbursed before any other returns are disbursed to others.

**5. Confidentiality and Registrations.**

- a. All financial information relating to these accounts, and this contract, shall be held in confidence by Eberle. Further, the Client shall hold in confidence all financial matters in connection with this contract, specifically including Eberle's compensation. It is agreed, however, that financial information may be provided by the Client and/or Eberle to governmental agencies upon receipt of a formal request from a governmental entity. The Client shall immediately notify and provide Eberle a copy of any such formal request and the information provided by the Client. Eberle shall likewise advise the Client of such requests and of Eberle's response thereto.



- b. A number of jurisdictions request some form of registration by organizations such as the Client. It is understood and agreed that it is the responsibility of the Client to register in such jurisdictions.
6. **Receipt and Disbursement of Funds.** All funds generated through the direct mail fund raising program under this Agreement shall be received and disbursed directly by the Client or its designated agent. Eberle shall not serve as agent for this purpose.
7. **Duration and Termination.**
- a. *Effective Date.* This Agreement shall become effective on the \_\_\_\_\_ day of June, 1999, and shall continue in force until terminated as provided herein.
- b. *Termination.* Either party may terminate this Agreement by giving the other party written notice of termination at least ninety (90) days prior to the effective date of termination. Upon receipt of notice of termination, Eberle shall not commence any new work, but it shall complete its consultation work (as described herein) and place all list rentals previously approved by the Client. All other rights and duties of the parties shall continue until the date of termination. In the event the Client or Eberle desires to terminate all work commenced before the receipt of notice of termination, it may be so agreed upon the parties' mutual consent. Compensation to be received by Eberle for partially completed work shall be mutually determined.
- c. *Billings.* Upon termination of this Agreement, Eberle shall submit its billing for all amounts not previously billed and due Eberle at that time. Eberle shall not be entitled to payment for any new work commenced after the date the written notice of termination of this Agreement was received by Eberle. Eberle shall, however, be entitled to payment for work commenced and approved prior to receipt of such notice, or, with express written consent prior to the effective date of termination.
8. **Disposition of Lists, Property and Materials.**
- a. *List Security.* The list generated and developed during the term of this Agreement shall be kept in a secure manner by Eberle.
- b. *List Usage.* Any rentals, exchanges or other use of any lists created under this Agreement shall be to the sole benefit of the Client during the course of this Agreement, except as provided in paragraph 4.b. of this Agreement. Upon termination, Eberle shall be entitled to unlimited use of said list(s) without any payment to the Client. The Client, its officers, and/or representatives shall not during the term of this Agreement, or at any time subsequent thereto, rent, exchange, donate, sell, or otherwise provide any list(s) created under this Agreement to any third party for any reason whatsoever without the prior written approval of Eberle. After the expiration of the terms of this agreement, and upon payment in full of all outstanding invoices,

the Client shall retain the authority to approve or disapprove the rental of its Eberle generated donor list.

- c. *Final Payment.* Upon termination of this Agreement, all lists produced and used under this Agreement shall be considered the exclusive property of Eberle until final payment of all invoices has been made by the Client. A copy of the list shall be provided to the Client upon repayment of all postage advances and upon the final payment of all invoices from Eberle and direct mail vendors.
- d. *Property and Materials.* It is understood and agreed that upon termination of this Agreement, any property and material provided under this Agreement by Eberle shall be the sole and exclusive property of Eberle. The Client shall have no right to use this property and material. Nor shall the Client use any direct mail package, or any portion thereof, created under this Agreement subsequent to its termination unless agreed to by Eberle.

**9. Conversion of List Exchange to Rental.**

- a. *List Owners Option.* It is understood and agreed that whenever the Client receives donor names and addresses to mail on an exchange basis, the organization which owns the donor names and addresses or its agent has the right to convert the exchange to a list rental at fifty percent (50%) of the current list rental price.
- b. *Eberle Option.* If sums are due and owing Eberle, or the direct mail vendors on the date notice of termination is given, Eberle or its agent shall have the right to convert any donor names owed to the Client on an exchange basis to list rentals at fifty percent (50%) or less of the current list rental rates subject to the provisions of paragraph 2.a. Sums generated from such conversions, less commissions, shall be applied to the bills of Eberle and the direct mail vendors.

**10. Work In Progress.** Once mailing lists have been scheduled and/or purchase orders issued for a mailing(s), the Client may not cancel or suspend such mailing(s) except by mutual consent of the parties.

**11. Modification.** This writing contains the entire Agreement of the parties. No representations were made or relied upon by either party, other than those that are expressly set forth. No agent, employee, or other representative of either party is empowered to alter any of the terms hereof, unless done in writing and signed by an executive officer of the respective parties.

**12. Controlling Law.** The validity, interpretation, and performance of this Agreement shall be controlled by and construed under the laws of the State of Virginia. The Client further agrees that any and all legal proceedings concerning this Agreement and its interpretation shall be before a court in Northern Virginia and that such court shall have jurisdiction over the parties hereto.

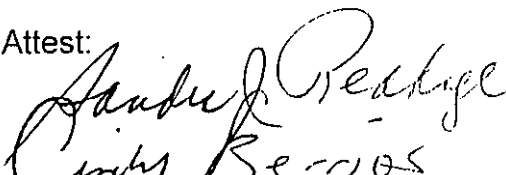
**13. Waiver.** The failure of either party to this Agreement to object or to take affirmative action with respect to any conduct by the other which is in

violation of the terms of this Agreement shall not be construed as a waiver thereof, or of any future breach or subsequent wrongful conduct.

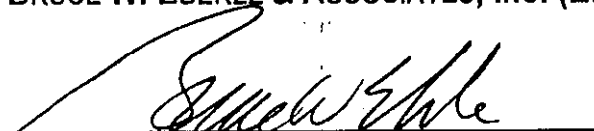
14. **Claims.** The Client specifically agrees to hold Eberle, Omega List Company, their officers, directors, and employees harmless from any and all claims of third parties, of any nature whatsoever, arising out of materials, including copy, or direct mail fund raising projects, letters and/or packages reviewed and approved by the Client. In the event any payment due Eberle and/or direct mail fund raising creditors is not made in accord with the terms of this Agreement and the obligation(s) is referred to any attorney for collection, the Client agrees to pay all costs of collection, including an attorney's fee of twenty percent of the sum due.
15. **Certification.** The Client does hereby certify to Eberle that there is no agreement with other fund raising counsel or with a direct mail fund raiser or list broker currently in existence as of the effective date of this Agreement which conflicts with the terms hereof. The Client further agrees not to enter into any subsequent agreement which conflicts with the terms of this Agreement.
16. **Notices.** All notices pertaining to this Agreement shall be in writing and shall be transmitted either by personal hand delivery, through the facilities of the United States Postal Service or by facsimile transmission. The addresses set forth above for the respective parties shall be the places where notices shall be sent, unless written notice of a change of address is given.

The undersigned do hereby personally warrant and affirm that they are authorized to execute and bind the parties hereto.

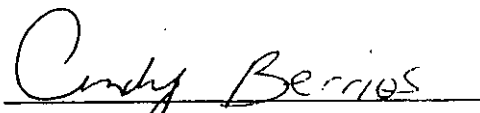
Attest:

  
Sandra Redhage, Corp. Secretary

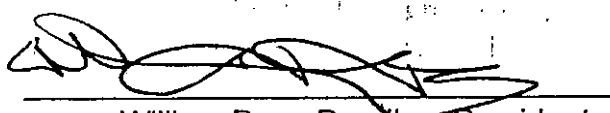
**BRUCE W. EBERLE & ASSOCIATES, INC. (Eberle)**

  
Bruce W. Eberle, President

Attest:

  
Corporate Secretary

**Mountain States Legal Foundation (Client)**

  
William Perry Pendley, President



MOUNTAIN  
STATES  
LEGAL  
FOUNDATION

2596 South Lewis Way  
Lakewood, Colorado 80227  
303-292-2021 • FAX 303-292-1980  
www.mountainstateslegal.org

Charitable Organization Registration in Oklahoma  
Information & Instructions

**Item 14:** Names, street addresses, and title or position of each officer, including each principal salaried executive staff officer, each director, and each trustee of the charitable organization:

Mr. Peter A. Botting (**Chairman of the Board**)  
President and Chief Executive Officer  
W.A. Botting Company  
20300 Woodinville-Snohomish Road, NE  
Woodinville, WA 98072  
(425) 483-7500; e-mail: pete@wabotting.com

Mr. Stephen M. Brophy (**Treasurer**)  
President  
Page Land & Cattle Co.  
10265 West Camelback Road, Suite 104  
Phoenix, AZ 85037-5007  
(623) 772-8111; email: sbrophy@pagelandco.com

Dr. James V. Taranik (**Secretary**)  
Regents Professor  
Mackay School of Earth Sciences and Engineering  
3389 Buckcreek Drive  
Reno, NV 89519  
(775) 784-6998; e-mail: jtaranik@mines.unr.edu

William Perry Pendley (**President and Chief Legal Officer**)  
Mountain States Legal Foundation  
2596 South Lewis Way  
Lakewood, Colorado 80227-2705  
(303) 292-2021; e-mail: wppendley@mountainstateslegal.com



**MOUNTAIN  
STATES  
LEGAL  
FOUNDATION**

2596 South Lewis Way  
Lakewood, Colorado 80227  
303-292-2021 • FAX 303-292-1980  
www.mountainstateslegal.org

**BOARD OF DIRECTORS**

Mr. Peter A. Botting  
President and Chief Executive Officer  
W.A. Botting Company  
20300 Woodinville-Snohomish Road, NE  
Woodinville, WA 98072  
(425) 483-7500; FAX (425) 483-7610; home (425) 423-0151; e-mail: [pete@wabotting.com](mailto:pete@wabotting.com)

Mr. Jack Blomstrom  
General Counsel  
True Companies LLC  
455 South Poplar Street  
Casper, WY 82601  
(307) 266-0313; FAX (307) 266-0357; e-mail: [jblomstrom@truecos.com](mailto:jblomstrom@truecos.com)

Mr. Stephen M. Brophy  
President  
Page Land & Cattle Co.  
10265 West Camelback Road, Suite 104  
Phoenix, AZ 85037-5007  
(623) 772-8111; FAX (623) 772-0145; home 480-634-1920; cell (620) 390-7644;  
email: [sbrophy@pagelandco.com](mailto:sbrophy@pagelandco.com)

Mr. George G. Byers  
Vice President  
Neutron Energy Inc.  
1745 Shea Center Drive, 4<sup>th</sup> Floor  
Highlands Ranch, CO 80129  
(720) 344-4869; FAX (720) 344-4804; home (303) 987-3875; cell (720) 201-7078;  
e-mail: [gbyers@neutronenergyinc.com](mailto:gbyers@neutronenergyinc.com) or [gbyers11@comcast.net](mailto:gbyers11@comcast.net)

Mr. Victor A. Casebolt  
7201 North Cottontail Run  
Paradise Valley, AZ 85253  
(602) 840-3498  
email: [vic@caseboltphoto.com](mailto:vic@caseboltphoto.com); fax (602) 954-2128

Mr. Victor A. Casebolt  
1037 West Conkling Park Drive  
Worley, ID 83876  
(208) 686-1566 (and FAX)

**Board of Directors**

Page Two

Ms. Cynthia M. Chandley  
Ryley Carlock and Applewhite  
One North Central Avenue, Suite 1200  
Phoenix, AZ 85004-4417  
(602) 258-7701; FAX (602) 257-6951; e-mail: cchandley@rcalaw.com

Larry L. Eastland, Ph.D.  
Chairman, President and Chief Executive Officer  
Great American Family Parks, Inc.  
3420 Ocean Park Boulevard, Suite 3000  
Santa Monica, CA 90405  
(208) 342-6000; FAX (310) 452-6600; e-mail: eastland@leamanagement.com

Peter K. Ellison, Esq.  
Ellison Ranching Company  
7515 South 2340 East  
Salt Lake City, UT 84121  
(801) 943-3037; FAX (801) 942-0675 e-mail: ellisonutah@msn.com

Mr. John R. Gibson  
Chairman and Chief Executive Officer  
American Pacific Corporation  
3770 Howard Hughes Parkway, Suite 300  
Las Vegas, NV 89109  
(702) 699-4140 (direct); FAX (702) 794-2429; e-mail: jogibson@apfc.com

Mr. James P. Graham  
President  
Palo Petroleum, Inc.  
5944 Luther Lane, Suite 900  
Dallas, TX 75225  
(214) 691-3676; e-mail: jgraham@palopetro.com

Mr. Thomas D. Growney  
President  
Tom Growney Equipment, Inc.  
2301 Candelaria Road, NE  
Albuquerque, NM 87107  
(505) 884-2900; FAX (505) 884-8790; e-mail: tgrowney@growneyinc.com

**Board of Directors**

Page Three

J. Sloan Hales, M.D.  
Wyoming Hales Resources, Inc.  
1920 Evans Avenue  
Cheyenne, WY 82001-3789  
(307) 635-4255; FAX (307) 637-4525; cell (307) 630-5544 or (307) 630-0500  
(Anna Marie); home (307) 638-3203; email: whrsam@aol.com

Mr. Thomas M. Hauptman  
President  
T-K Production Company  
2812 First Avenue North, Suite 408  
Billings, MT 59101-2235  
(406) 259-8480; FAX (406) 259-2124; cell (406) 698-1442; e-mail: hauptmant@aol.com

Mr. Henry J. Hood  
Senior Vice President - Land and Legal  
Chesapeake Energy Corporation  
6100 North Western Avenue  
Oklahoma City, OK 73118-0496  
(405) 879-9400; FAX (405) 879-9531; e-mail: hhood@chkenergy.com

Dallas P. Horton, DVM, MS  
Horton Feedlot and Research Center  
134 Oak Avenue  
Eaton, CO 80615  
(970) 454-3000; FAX (970) 454-2432; e-mail: hortoncattle@msn.com

Mr. John F. Kane  
Kane Cattle Company  
110 ½ East Frank Phillips  
Bartlesville, OK 74003  
(918) 336-4900; FAX (918) 336-4902; e-mail: jfkane@kanecattle.com

Ms. Karen D. Kennedy  
Kennedy Oil  
700 West 6<sup>th</sup> Street  
Gillette, WY 82716  
307-686-1081; FAX 307-682-6060; cell 307-689-4245; e-mail: kennedywipa@vcn.com

Mr. Ronald M. Krump  
Ron and Susan Krump Foundation  
100 Gazelle Road  
Reno, NV 89511  
(775) 742-4436; FAX (775) 853-8309

**Board of Directors**

Page Four

Mr. David L. McClure

President

Montana Farm Bureau

530 Trestle Lane

Lewistown, MT 59457

(406) 538-9874; FAX (406) 538-9874 (call first); e-mail: [dmclure@midrivers.com](mailto:dmclure@midrivers.com)

Mr. David Allen New

615 Warm Springs Avenue

Boise, ID 83712-6328

(208) 343-2343; home: (208) 336-1556; e-mail: [davenew@growingexcellence.com](mailto:davenew@growingexcellence.com)

Mr. Frank S. Priestley

President

Idaho Farm Bureau

3473 South 3200 East

Franklin, ID 83237-5019

(208) 646-2424; FAX (208) 646-2696; e-mail: [fpriestley@idahofb.org](mailto:fpriestley@idahofb.org)

Mr. David B. Rovig

Rovig Minerals, Inc.

2812 First Avenue North, Suite 510

Billings, MT 59101

(406) 245-9520; FAX (406) 245-7719; e-mail: [rovigminerals@imt.net](mailto:rovigminerals@imt.net)

Mr. Steve Schalk

President

Arapahoe Drilling Company, Inc.

3232 Candelaria NE

Albuquerque, NM 87107

(505) 881-6649; FAX (505) 881-1070; e-mail: [spschalk@aol.com](mailto:spschalk@aol.com)

Mr. Mark S. Sexton

27160 Craig Lane

Golden, CO 80401

(303) 880-9996; e-mail: [markssexton@comcast.net](mailto:markssexton@comcast.net)

Mr. Don Shawcroft

Vice President

Colorado Farm Bureau

25001 South Highway 285

Alamosa, CO 81101

(719) 274-5516; cell: (719) 588-1127; e-mail: [dshawcroft@colofb.com](mailto:dshawcroft@colofb.com)



## **Board of Directors**

Page Five

Mr. L. Jerald Sheffels  
8505 Douglas Road East  
Wilbur, WA 99185  
(509) 647-2213; FAX (509) 647-2066; e-mail: [jerry@sheffels.com](mailto:jerry@sheffels.com)

Mr. Conley P. Smith  
Independent Oil and Gas Operator  
1000 Writer Square, 1512 Larimer Street  
Denver, CO 80202  
(303) 339-4672; FAX (303) 339-4666; cell: (303) 918-0555

Mr. Don L. Sparks  
Chairman  
Discovery Operating, Inc.  
800 North Marienfeld, Suite 100  
Midland, TX 79701-3382  
(432) 683-5203; FAX (432) 687-1930; e-mail: [dsparks@discoveryoperating.com](mailto:dsparks@discoveryoperating.com)

Ms. Debra W. Struhsacker  
Environmental Permitting & Government Relations Consultant  
3610 Big Bend Lane  
Reno, NV 89509  
(775) 826-3800; FAX (775) 826-2648; e-mail: [dstruhsacker@sbcglobal.net](mailto:dstruhsacker@sbcglobal.net)

Dr. James V. Taranik  
Regents Professor  
Mackay School of Earth Sciences and Engineering  
3389 Buckcreek Drive  
Reno, NV 89519  
(775) 682-8735; FAX (775) 784-1766; e-mail: [jtaranik@mines.unr.edu](mailto:jtaranik@mines.unr.edu)

Mr. Lyndon C. Taylor  
Senior Vice President and General Counsel  
Devon Energy Corporation  
20 North Broadway, 14<sup>th</sup> Floor  
Oklahoma City, OK 73102-8260  
(405) 228-2800; FAX (405) 552-1400; e-mail: [Lyndon.Taylor@devon.com](mailto:Lyndon.Taylor@devon.com)

Mr. James L. Telzrow  
P.O. Box 259  
White Hall, IL 62092-0259  
(217) 374-2997; e-mail: [jtelz@irtc.net](mailto:jtelz@irtc.net)

**Board of Directors**

Page Six

Mr. Frank Yates, Jr.

President

MYCO Industries, Inc.

105 South 4<sup>th</sup> Street

Artesia, NM 88210-0840

(505) 748-4410; FAX (505) 748-4586; e-mail: [frank.yates@deskoptional.com](mailto:frank.yates@deskoptional.com)

Form **990**Department of the Treasury  
Internal Revenue Service**Return of Organization Exempt From Income Tax**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung  
benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

**2007**Open to Public  
Inspection**A** For the 2007 calendar year, or tax year beginning and ending**B** Check if applicable:

- ☐ Address change  
☐ Name change  
☐ Initial return  
☐ Termination  
☐ Amended return  
☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

**C** Name of organization**MOUNTAIN STATES LEGAL FOUNDATION**

Number and street (or P.O. box if mail is not delivered to street address)

**2596 SOUTH LEWIS WAY**

City or town, state or country, and ZIP + 4

**LAKEWOOD, CO 80227**

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

**D** Employer identification number**84-0736725****E** Telephone number**303-292-2021****F** Accounting method: ☐ Cash ☒ Accrual☐ Other (specify) ▶**G** Website: **WWW.MOUNTAINSTATESLEGAL.ORG****J** Organization type (check only one) ☒ 501(c)(3) (insert no.) ☐ 4947(a)(1) or ☐ 527**K.** Check here ☐ if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.**H and I are not applicable to section 527 organizations.****H(a)** Is this a group return for affiliates? ☐ Yes ☒ No**H(b)** If "Yes," enter number of affiliates ▶ **N/A****H(c)** Are all affiliates included? **N/A** ☐ Yes ☐ No (If "No," attach a list.)**H(d)** Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No**I** Group Exemption Number ▶ **N/A****L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **3,100,089.****M** Check ☐ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances**

<b>Revenue</b>	<b>1</b>	Contributions, gifts, grants, and similar amounts received:				
	<b>a</b>	Contributions to donor advised funds	<b>1a</b>			
	<b>b</b>	Direct public support (not included on line 1a)	<b>1b</b>	<b>2,826,558.</b>		
	<b>c</b>	Indirect public support (not included on line 1a)	<b>1c</b>			
	<b>d</b>	Government contributions (grants) (not included on line 1a)	<b>1d</b>			
	<b>e</b>	Total (add lines 1a through 1d) (cash \$ <b>2,826,357.</b> noncash \$ <b>201.</b> )	<b>1e</b>	<b>2,826,558.</b>		
	<b>2</b>	Program service revenue including government fees and contracts (from Part VII, line 93)	<b>2</b>	<b>51,576.</b>		
	<b>3</b>	Membership dues and assessments	<b>3</b>			
	<b>4</b>	Interest on savings and temporary cash investments	<b>4</b>	<b>57,988.</b>		
	<b>5</b>	Dividends and interest from securities	<b>5</b>			
	<b>6a</b>	Gross rents	<b>6a</b>			
	<b>6b</b>	Less: rental expenses	<b>6b</b>			
<b>6c</b>	Net rental income or (loss). Subtract line 6b from line 6a	<b>6c</b>				
<b>7</b>	Other investment income (describe ▶ )	<b>7</b>				
<b>Revenue</b>	<b>8a</b>	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
			<b>110,000.</b>	<b>8a</b>		
	<b>b</b>	Less: cost or other basis and sales expenses	<b>110,582.</b>	<b>8b</b>	<b>1,520.</b>	
	<b>c</b>	Gain or (loss) (attach schedule)	<b>-582.</b>	<b>8c</b>	<b>-1,520.</b>	
	<b>d</b>	Net gain or (loss). Combine line 8c, columns (A) and (B) <b>STMT 1</b> <b>STMT 2</b>		<b>8d</b>	<b>-2,102.</b>	
	<b>9</b>	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
	<b>a</b>	Gross revenue (not including \$ of contributions reported on line 1b)	<b>9a</b>			
	<b>b</b>	Less: direct expenses other than fundraising expenses	<b>9b</b>			
	<b>c</b>	Net income or (loss) from special events. Subtract line 9b from line 9a	<b>9c</b>			
	<b>10a</b>	Gross sales of inventory, less returns and allowances	<b>10a</b>			
<b>10b</b>	Less: cost of goods sold	<b>10b</b>				
<b>10c</b>	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	<b>10c</b>				
<b>Expenses</b>	<b>11</b>	Other revenue (from Part VII, line 103)	<b>11</b>	<b>53,967.</b>		
	<b>12</b>	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	<b>12</b>	<b>2,987,987.</b>		
	<b>13</b>	Program services (from line 44, column (B))	<b>13</b>	<b>1,972,693.</b>		
	<b>14</b>	Management and general (from line 44, column (C))	<b>14</b>	<b>157,417.</b>		
	<b>15</b>	Fundraising (from line 44, column (D))	<b>15</b>	<b>649,894.</b>		
	<b>16</b>	Payments to affiliates (attach schedule)	<b>16</b>			
	<b>17</b>	Total expenses. Add lines 16 and 44, column (A)	<b>17</b>	<b>2,780,004.</b>		
	<b>18</b>	Excess or (deficit) for the year. Subtract line 17 from line 12	<b>18</b>	<b>207,983.</b>		
	<b>19</b>	Net assets or fund balances at beginning of year (from line 73, column (A))	<b>19</b>	<b>3,955,522.</b>		
	<b>20</b>	Other changes in net assets or fund balances (attach explanation) <b>SEE STATEMENT 3</b>	<b>20</b>	<b>108,437.</b>		
<b>Net Assets</b>	<b>21</b>	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	<b>21</b>	<b>4,271,942.</b>		

723001  
12-27-07

LHA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2007)

**Part II Statement of Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
<b>22a</b> Grants paid from donor advised funds (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> . If this amount includes foreign grants, check here <input type="checkbox"/>				
<b>22b</b> Other grants and allocations (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> . If this amount includes foreign grants, check here <input type="checkbox"/>				
<b>23</b> Specific assistance to individuals (attach schedule)				
<b>24</b> Benefits paid to or for members (attach schedule)				
<b>25a</b> Compensation of current officers, directors, key employees, etc. listed in Part V-A	25a 250,000.	212,500.	12,500.	25,000.
<b>b</b> Compensation of former officers, directors, key employees, etc. listed in Part V-B	25b 0.	0.	0.	0.
<b>c</b> Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	25c			
<b>26</b> Salaries and wages of employees not included on lines 25a, b, and c	26 694,052.	531,441.	53,311.	109,300.
<b>27</b> Pension plan contributions not included on lines 25a, b, and c	27 42,409.	30,801.	3,756.	7,852.
<b>28</b> Employee benefits not included on lines 25a - 27	28 147,984.	101,419.	19,168.	27,397.
<b>29</b> Payroll taxes	29 64,920.	49,764.	4,913.	10,243.
<b>30</b> Professional fundraising fees	30 919,028.	689,271.		229,757.
<b>31</b> Accounting fees	31			
<b>32</b> Legal fees	32			
<b>33</b> Supplies	33 26,632.	21,306.	5,326.	
<b>34</b> Telephone	34 11,943.	9,554.	2,389.	
<b>35</b> Postage and shipping	35 14,634.	8,811.	2,203.	3,620.
<b>36</b> Occupancy	36 46,985.	37,588.	9,397.	
<b>37</b> Equipment rental and maintenance	37 57,505.	48,198.	3,724.	5,583.
<b>38</b> Printing and publications	38 78,388.	10,640.		67,748.
<b>39</b> Travel	39 32,044.	27,675.	1,730.	2,639.
<b>40</b> Conferences, conventions, and meetings	40 26,751.	21,401.	5,350.	
<b>41</b> Interest	41 1,094.	908.	186.	
<b>42</b> Depreciation, depletion, etc. (attach schedule)	42 54,461.	41,503.	8,500.	4,458.
<b>43</b> Other expenses not covered above (itemize):				
a	43a			
b	43b			
c	43c			
d	43d			
e	43e			
f	43f			
g <b>SEE STATEMENT 4</b>	43g 311,174.	129,913.	24,964.	156,297.
<b>44</b> Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44 2,780,004.	1,972,693.	157,417.	649,894.

Joint Costs. Check ☐ if you are following SOP 98-2.Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ☐ Yes ☒ NoIf "Yes," enter (i) the aggregate amount of these joint costs \$ N/A ; (ii) the amount allocated to Program services \$ N/A ;(iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

**Part III** Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ►

**PUBLIC INTEREST LAW FIRM**

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

**Program Service Expenses**  
(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)

**a** LEGAL ACTIVITIES-PUBLIC INTEREST LAW FIRM. SEE SCHEDULE 1(Grants and allocations \$ ) If this amount includes foreign grants, check here ☐

1,972,693.

**b**(Grants and allocations \$ ) If this amount includes foreign grants, check here ☐**c**(Grants and allocations \$ ) If this amount includes foreign grants, check here ☐**d**(Grants and allocations \$ ) If this amount includes foreign grants, check here ☐**e** Other program services (attach schedule)(Grants and allocations \$ ) If this amount includes foreign grants, check here ☐**f** Total of Program Service Expenses (should equal line 44, column (B), Program services) 1,972,693.

Form 990 (2007)

**Part IV Balance Sheets** (See the instructions.)**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
<b>Assets</b>	45 Cash - non-interest-bearing .....	32,348.	45	94,452.
	46 Savings and temporary cash investments .....	996,362.	46	1,241,564.
	47 a Accounts receivable .....	47a		
	b Less: allowance for doubtful accounts .....	47b	47c	
	48 a Pledges receivable .....	48a	330,501.	
	b Less: allowance for doubtful accounts .....	48b		
	49 Grants receivable .....		49	
	50 a Receivables from current and former officers, directors, trustees, and key employees .....		50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) .....		50b	
	51 a Other notes and loans receivable .....	51a		
	b Less: allowance for doubtful accounts .....	51b	51c	
	52 Inventories for sale or use .....		52	
	53 Prepaid expenses and deferred charges .....	28,531.	53	30,982.
	54 a Investments - publicly-traded securities <b>STMT 6</b> <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV .....	143,657.	54a	38,032.
	b Investments - other securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV .....		54b	
55 a Investments - land, buildings, and equipment: basis <b>STMT 5</b> .....	55a			
b Less: accumulated depreciation .....	55b	55c		
56 Investments - other .....		56		
57 a Land, buildings, and equipment: basis .....	57a	1,882,374.		
b Less: accumulated depreciation <b>STMT 7</b> .....	57b	406,914.		
58 Other assets, including program-related investments (describe <b>SEE STATEMENT 8</b> ) .....	1,139,518.	58	1,327,702.	
59 <b>Total assets</b> (must equal line 74). Add lines 45 through 58 .....	4,177,381.	59	4,538,693.	
<b>Liabilities</b>	60 Accounts payable and accrued expenses .....	141,954.	60	163,491.
	61 Grants payable .....		61	
	62 Deferred revenue .....		62	
	63 Loans from officers, directors, trustees, and key employees .....		63	
	64 a Tax-exempt bond liabilities .....		64a	
	b Mortgages and other notes payable .....		64b	
	65 Other liabilities (describe <b>SEE STATEMENT 9</b> ) .....	79,905.	65	103,260.
66 <b>Total liabilities.</b> Add lines 60 through 65 .....	221,859.	66	266,751.	
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74. .....			
	67 Unrestricted .....	3,349,393.	67	3,584,410.
	68 Temporarily restricted .....		68	
	69 Permanently restricted .....	606,129.	69	687,532.
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74. .....			
	70 Capital stock, trust principal, or current funds .....		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund .....		71	
	72 Retained earnings, endowment, accumulated income, or other funds .....		72	
73 <b>Total net assets or fund balances.</b> Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21) .....	3,955,522.	73	4,271,942.	
74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73 .....	4,177,381.	74	4,538,693.	

**Part IV-A** Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements	a	3,096,424.
b	Amounts included on line a but not on Part I, line 12:		
1	Net unrealized gains on investments	b1	108,437.
2	Donated services and use of facilities	b2	
3	Recoveries of prior year grants	b3	
4	Other (specify):	b4	
	Add lines b1 through b4	b	108,437.
c	Subtract line b from line a	c	2,987,987.
d	Amounts included on Part I, line 12, but not on line a:		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify):	d2	
	Add lines d1 and d2	d	0.
e	Total revenue (Part I, line 12). Add lines c and d	e	2,987,987.

**Part IV-B** Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements	a	2,780,004.
b	Amounts included on line a but not on Part I, line 17:		
1	Donated services and use of facilities	b1	
2	Prior year adjustments reported on Part I, line 20	b2	
3	Losses reported on Part I, line 20	b3	
4	Other (specify):	b4	
	Add lines b1 through b4	b	0.
c	Subtract line b from line a	c	2,780,004.
d	Amounts included on Part I, line 17, but not on line a:		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify):	d2	
	Add lines d1 and d2	d	0.
e	Total expenses (Part I, line 17). Add lines c and d	e	2,780,004.

**Part V-A** Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
PETER A. BOTTING 20300 WOODINVILLE-SNOHOMISH RD., NE WOODINVILLE, WA 98072	CHAIRMAN 5.00	0.	0.	0.
WILLIAM PERRY PENDLEY 27453 MILDRED LANE EVERGREEN, CO 80439	PRESIDENT 40.00	250,000.	0.	0.
STEPHEN M. BROPHY 10265 W CAMELBACK RD., STE. 104 PHOENIX, AZ 85037	TREASURER 5.00	0.	0.	0.
KAREN KENNEDY 700 WEST 6TH STREET GILLETTE, WY 82716	VICE CHAIRMAN 5.00	0.	0.	0.
JAMES TARANIK MAIL STOP 168, UNIVERSITY OF NEVADA RENO, NV 89557	SECRETARY 5.00	0.	0.	0.
SEE ATTACHED				
	0.00	0.	0.	0.





Part VI Other Information (continued)		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b	N/A
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	83b	X
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85 a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?	85a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b	N/A
If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.			
c	Dues, assessments, and similar amounts from members	85c	N/A
d	Section 162(e) lobbying and political expenditures	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12	86a	N/A
b	Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders	87a	N/A
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88 a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88a	X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	88b	X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>0.</u> ; section 4912 <u>0.</u> ; section 4955 <u>0.</u>		
b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0.
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		0.
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e	X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f	X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g	X
90 a	List the states with which a copy of this return is filed	SEE STATEMENT 10	
b	Number of employees employed in the pay period that includes March 12, 2007	90b	15
91 a	The books are in care of	THE FOUNDATION Telephone no. 303-292-2021	
	Located at	2596 SOUTH LEWIS WAY LAKEWOOD CO, LAKEWOOD CO ZIP + 4 80227	
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country	91b	X
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			

**Part VI Other Information** (continued) Yes No

c At any time during the calendar year, did the organization maintain an office outside of the United States?

91c

X

If "Yes," enter the name of the foreign country N/A92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here ☐and enter the amount of tax-exempt interest received or accrued during the tax year 92

N/A

**Part VII Analysis of Income-Producing Activities** (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a PUBLICATIONS					51,576.
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	57,988.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			03	-2,102.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a MISCELLANEOUS					645.
b MAILING LIST RENTAL			13	53,322.	
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		109,208.	52,221.
105 Total (add line 104, columns (B), (D), and (E))					161,429.

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See the instructions.)

Line No. Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).

103 MISC INCOME PROVIDED FUNDS TO MEET EXEMPT PURPOSE

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
N/A	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See the instructions.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

**Part XI** Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13). N/A

106 Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes No

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
Totals				

107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes No

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please  
Sign  
Here

Signature of officer

Type or print name and title

Date

Paid  
Preparer's  
Use Only

Preparer's  
signature  
Firm's name (or  
yours if  
self-employed),  
address, and  
ZIP + 4

BROCK AND COMPANY, CPAS, P.C.  
26 WEST DRY CREEK CIRCLE, SUITE 710  
LITTLETON, CO 80120

Date

5-2-08

Check if  
self-  
employed

☐

Preparer's SSN or PTIN (See Gen. Inst. X)

EIN

Phone no. 303-794-5661

**SCHEDULE A**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**Organization Exempt Under Section 501(c)(3)**

(Except Private Foundation) and Section 501(e), 501(f), 501(k),  
501(n), or 4947(a)(1) Nonexempt Charitable Trust

**Supplementary Information-(See separate instructions.)**

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No. 1545-0047

**2007**

Name of the organization <b>MOUNTAIN STATES LEGAL FOUNDATION</b>	Employer identification number <b>84 0736725</b>
---	---

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**

(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
<b>STEVEN J. LECHNER</b> <b>9830 XAVIER CT., WESTMINSTER, CO 8003</b>	<b>SENIOR</b> <b>40.00</b>	<b>132,496.</b>	<b>24,064.</b>	
<b>J. SCOTT DETAMORE</b> <b>12610 W. BAYAUD #3, LAKEWOOD, CO 8022</b>	<b>STAFF ATTORNE</b> <b>40.00</b>	<b>95,806.</b>	<b>27,500.</b>	
<b>JANICE K. ALVARADO</b> <b>1375 S UTICA STREET, DENVER, CO 80219</b>	<b>ASSISTANT TO THE PRE</b> <b>40.00</b>	<b>59,933.</b>	<b>22,248.</b>	
<b>RONALD OPSAHL</b> <b>2674 S PATTON COURT, DENVER, CO 80210</b>	<b>STAFF ATTORNEY</b> <b>40.00</b>	<b>53,883.</b>	<b>9,141.</b>	

Total number of other employees paid over \$50,000 ▶

0

**Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services**

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<b>EBERLE AND ASSOCIATES</b> <b>1420 SPRING HIL ROAD SUITE 490, MCLEAN, VA 22102</b>	<b>FUNDRAISING</b>	<b>143,650.</b>
<b>JANICE V. CHASE CPA</b> <b>5404 STONEMOOR DRIVE, PUEBLO, CO 81005</b>	<b>ACCOUNTING</b>	<b>58,912.</b>

Total number of others receiving over \$50,000 for professional services ▶

0

**Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services**

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<b>NONE</b>		

Total number of other contractors receiving over \$50,000 for other services ▶

0

**Part III** **Statements About Activities** (See page 2 of the instructions.)**Yes** **No**

<b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities <b>►</b> \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)  Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.	<b>1</b>		<b>X</b>
<b>2</b> During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)			
<b>a</b> Sale, exchange, or leasing of property?	<b>2a</b>		<b>X</b>
<b>b</b> Lending of money or other extension of credit?	<b>2b</b>		<b>X</b>
<b>c</b> Furnishing of goods, services, or facilities?	<b>2c</b>		<b>X</b>
<b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? <b>SEE PART V-A, FORM 990</b>	<b>2d</b>	<b>X</b>	
<b>e</b> Transfer of any part of its income or assets?	<b>2e</b>		<b>X</b>
<b>3 a</b> Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)	<b>3a</b>		<b>X</b>
<b>b</b> Did the organization have a section 403(b) annuity plan for its employees?	<b>3b</b>	<b>X</b>	
<b>c</b> Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	<b>3c</b>		<b>X</b>
<b>d</b> Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	<b>3d</b>		<b>X</b>
<b>4 a</b> Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	<b>4a</b>		<b>X</b>
<b>b</b> Did the organization make any taxable distributions under section 4966?	<b>4b</b>	<b>N/A</b>	
<b>c</b> Did the organization make a distribution to a donor, donor advisor, or related person?	<b>4c</b>	<b>N/A</b>	
<b>d</b> Enter the total number of donor advised funds owned at the end of the tax year		<b>N/A</b>	
<b>e</b> Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year		<b>N/A</b>	
<b>f</b> Enter the total number of separate funds or accounts owned at the end of the year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts			<b>0.</b>
<b>g</b> Enter the aggregate value of assets in all funds or accounts included on line 4f at the end of the tax year			<b>0.</b>

**Part IV Reason for Non-Private Foundation Status** (See pages 4 through 8 of the instructions.)I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 ☐ A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 ☐ A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state **▶**
- 10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:  
☐ Type I ☐ Type II ☐ Type III-Functionally Integrated ☐ Type III-Other

Provide the following information about the supported organizations. (See page 8 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
<b>Total</b> <b>▶</b>					

- 14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.  
Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	2,293,997.	3,165,291.	1,898,140.	2,036,203.	9,393,631.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	25,225.	40,411.			65,636.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	44,501.	28,952.	12,169.	10,503.	96,125.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets	8.	70.	SEE STATEMENT 11 93.	10,470.	10,641.
23 Total of lines 15 through 22	2,363,731.	3,234,724.	1,910,402.	2,057,176.	9,566,033.
24 Line 23 minus line 17	2,338,506.	3,194,313.	1,910,402.	2,057,176.	9,500,397.
25 Enter 1% of line 23	23,637.	32,347.	19,104.	20,572.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 190,008.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 717,337.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 9,500,397.
d Add: Amounts from column (e) for lines: 18 96,125. 19 22 10,641. 26b 717,337.					26d 824,103.
e Public support (line 26c minus line 26d total)					26e 8,676,294.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 91.3256%
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: N/A	(2006)	(2005)	(2004)	(2003)	
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: N/A	(2006)	(2005)	(2004)	(2003)	
c Add: Amounts from column (e) for lines: 15 16 17 20 21					27c N/A
d Add: Line 27a total and line 27b total					27d N/A
e Public support (line 27c total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)			27f N/A		
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h N/A %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.	NONE				

**Part V Private School Questionnaire** (See page 9 of the instructions.)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body? .....	29	
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships? .....	30	
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? .....	31	
If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			
.....			
.....			
.....			
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff? .....	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? .....	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? .....	32c	
d	Copies of all material used by the organization or on its behalf to solicit contributions? .....	32d	
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
.....			
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges? .....	33a	
b	Admissions policies? .....	33b	
c	Employment of faculty or administrative staff? .....	33c	
d	Scholarships or other financial assistance? .....	33d	
e	Educational policies? .....	33e	
f	Use of facilities? .....	33f	
g	Athletic programs? .....	33g	
h	Other extracurricular activities? .....	33h	
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
.....			
.....			
34 a	Does the organization receive any financial aid or assistance from a governmental agency? .....	34a	
b	Has the organization's right to such aid ever been revoked or suspended? .....	34b	
If you answered "Yes" to either 34a or b, please explain using an attached statement.			
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation .....	35	

Schedule A (Form 990 or 990-EZ) 2007



**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 11 of the instructions.)

N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

Check ☐ a ☐ if the organization belongs to an affiliated group.Check ☐ b ☐ if you checked "a" and "limited control" provisions apply.**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred.)

		(a) Affiliated group totals	(b) To be completed for all electing organizations
		N/A	
36 Total lobbying expenditures to influence public opinion (grassroots lobbying) .....	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying) .....	37		
38 Total lobbying expenditures (add lines 36 and 37) .....	38		
39 Other exempt purpose expenditures .....	39		
40 Total exempt purpose expenditures (add lines 38 and 39) .....	40		
41 Lobbying nontaxable amount. Enter the amount from the following table -			
If the amount on line 40 is -	The lobbying nontaxable amount is -		
Not over \$500,000 .....	20% of the amount on line 40 .....		
Over \$500,000 but not over \$1,000,000 .....	\$100,000 plus 15% of the excess over \$500,000 .....		
Over \$1,000,000 but not over \$1,500,000 .....	\$175,000 plus 10% of the excess over \$1,000,000 .....	41	
Over \$1,500,000 but not over \$17,000,000 .....	\$225,000 plus 5% of the excess over \$1,500,000 .....		
Over \$17,000,000 .....	\$1,000,000 .....		
42 Grassroots nontaxable amount (enter 25% of line 41) .....	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36 .....	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38 .....	44		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 13 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45 Lobbying nontaxable amount .....					0.
46 Lobbying ceiling amount (150% of line 45(e)) .....					0.
47 Total lobbying expenditures .....					0.
48 Grassroots nontaxable amount .....					0.
49 Grassroots ceiling amount (150% of line 48(e)) .....					0.
50 Grassroots lobbying expenditures .....					0.

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 14 of the instructions.)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

	Yes	No	Amount
a Volunteers .....			
b Paid staff or management (Include compensation in expenses reported on lines c through h.) .....			
c Media advertisements .....			
d Mailings to members, legislators, or the public .....			
e Publications, or published or broadcast statements .....			
f Grants to other organizations for lobbying purposes .....			
g Direct contact with legislators, their staffs, government officials, or a legislative body .....			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means .....			
i Total lobbying expenditures (Add lines c through h.) .....			0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

### Exempt Organizations (See page 14 of the instructions.)

**a** Transfers from the reporting organization to a noncharitable exempt organization of:

	Yes	No
51a(i)		X
a(ii)		X
b(i)		X
b(ii)		X
b(iii)		X
b(iv)		X
b(v)		X
b(vi)		X
c		X

a(ii)	X
-------	---

--	--	--

b(i)		X
------	--	---

b(ii)		X
-------	--	---

b(iii)	X
--------	---

b(iv)	X
-------	---

$b(v)$		$X$
--------	--	-----

b(vi)	X
-------	---

C		X
---	--	---

N/A

52 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

N/A

723152  
12-27-07

**Schedule B**  
(Form 990, 990-EZ,  
or 990-PF)

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

Supplementary Information for  
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No. 1545-0047

**2007**

Name of organization

Employer identification number

**MOUNTAIN STATES LEGAL FOUNDATION**

**84-0736725**

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☒ 501(c)( 3 ) (enter number) organization

☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation

☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation

☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule-see instructions.)

**General Rule-**

☐ For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

**Special Rules-**

☒ For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) ▶ \$ \_\_\_\_\_

**Caution:** Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they must check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions  
for Form 990, Form 990-EZ, and Form 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2007)

Name of organization

Employer identification number

MOUNTAIN STATES LEGAL FOUNDATION

84-0736725

**Part I Contributors** (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	CASTLE ROCK FOUNDATION 4100 E MISSISSIPPI AVE., STE. 1850 DENVER, CO 80246-3074	\$ 75,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
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			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
2	BUILDINGS											
18	BUILDING	11/29/01	SL	40.00	16	1,396,428.		139,637.	1,256,791.	159,710.		31,419.
	* 990 PAGE 2 TOTAL					2,977.		298.	2,679.			29.
	BUILDINGS					1,399,405.		139,935.	1,259,470.	159,710.	0.	31,448.
	LAND											
6	LAND	11/29/01	L			154,705.			154,705.			0.
	* 990 PAGE 2 TOTAL					154,705.		0.	154,705.	0.	0.	0.
	LAND					1,554,110.		139,935.	1,414,175.	159,710.	0.	31,448.
	* 990 PAGE 2 TOTAL - FURNITURE & FIXTURES											
4	FURNITURE AND FIXTURES					139,146.		11593.	127,553.	90,965.		5,385.
14	ADDITIONS 2004					965.		96.	869.	198.		72.
16	FURNITURE AND FIXTURES	07/20/06	SL	12.00	16	610.			610.	23.		53.
	* 990 PAGE 2 TOTAL					140,721.		11689.	129,032.	91,186.	0.	5,510.
	FURNITURE & FIXTURES					140,721.		11689.	129,032.	91,186.	0.	5,510.
	* 990 PAGE 2 TOTAL - MACHINERY & EQUIPMENT											
7	OFFICE EQUIPMENT					104,144.		9,537.	94,607.	62,638.		9,396.
8	ADDITIONS					5,991.			5,991.	2,944.		1,140.
15	OFFICE EQUIPMENT					2,913.			2,913.	817.		583.

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
17	2006 ADDITIONS OFFICE EQUIPMENT	VARIES	SL	5.00	16	22,649.			22,649.	2,973.		4,408.
19	2007 ADDITIONS OFFICE EQUIP	060107	SL	5.00	16	19,661.			19,661.			1,976.
	* 990 PAGE 2 TOTAL MACHINERY & EQUIPMENT					155,358.		9,537.	145,821.	69,372.	0.	17,503.
	* 990 PAGE 2 TOTAL - BUILDINGS					155,358.		9,537.	145,821.	69,372.	0.	17,503.
11	LIBRARY	VARIES	150DB	15.00	17	32,185.			32,185.	32,185.		0.
	* 990 PAGE 2 TOTAL BUILDINGS					32,185.		0.	32,185.	32,185.	0.	0.
	* 990 PAGE 2 TOTAL -					32,185.		0.	32,185.	32,185.	0.	0.
	* GRAND TOTAL 990 PAGE 2 DEPR					1,882,374.		161,161.	1,721,213.	352,453.	0.	54,461.

FORM 990	GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES			STATEMENT	1
DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)	
FED HOME LOAN BOND	30,000.	30,151.	0.	-151.	
FED HOME LOAN BOND	45,000.	45,058.	0.	-58.	
FED FARM CR BANKS BOND	35,000.	35,373.	0.	-373.	
TO FORM 990, PART I, LINE 8	110,000.	110,582.	0.	-582.	

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FORM 990	GAIN (LOSS) FROM SALE OF OTHER ASSETS	STATEMENT	2
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DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED
KITCHEN HOT WATER HEATER	07/02/02	08/01/07	PURCHASED

NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
	0.	1,290.	0.	73.	-1,217.

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED
VIEWSONIC MONIORS	03/02/98	12/31/07	PURCHASED

NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
	0.	2,933.	0.	2,640.	-293.

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED
VIEWSONIC MONIORS	03/02/98	12/31/07	PURCHASED

NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
	0.	103.	0.	93.	-10.

TO FM 990, PART I, LN 8		4,326.	0.	2,806.	-1,520.
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FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	3
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DESCRIPTION	AMOUNT
UNREALIZED GAIN	108,437.
TOTAL TO FORM 990, PART I, LINE 20	108,437.

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FORM 990	OTHER EXPENSES			STATEMENT	4
DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING	
MEMBERSHIP /					
EDUCATION	13,591.	12,801.	790.		
PROFESSIONAL SERVICE	83,743.	61,040.	20,346.	2,357.	
INSURANCE	46,222.	43,023.	2,248.	951.	
LITGATION EXP LESS					
REIMBURSEMENT	8,048.	8,048.			
CONTRACT LABOR	1,000.	1,000.			
SUBSCRIPTIONS	2,173.	1,956.	217.		
REGISTRATION	1,840.			1,840.	
FUNDRAISING EXPENSE	151,149.			151,149.	
MISCELLANEOUS	3,408.	2,045.	1,363.		
TOTAL TO FM 990, LN 43	311,174.	129,913.	24,964.	156,297.	

FORM 990	NON-GOVERNMENT SECURITIES			STATEMENT	5
SECURITY DESCRIPTION	COST/FMV	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	TOTAL NON-GOV'T SECURITIES
BROKERAGE	FMV	2,551.			2,551.
TO FORM 990, LINE 54A, COL B		2,551.			2,551.

FORM 990	GOVERNMENT SECURITIES			STATEMENT	6
DESCRIPTION	COST/FMV	U.S. GOVERNMENT	STATE AND LOCAL GOV'T	TOTAL GOV'T SECURITIES	
BONDS	FMV	35,481.		35,481.	
TOTAL TO FORM 990, LINE 54A, COL B		35,481.		35,481.	

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FORM 990	DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT	STATEMENT	7
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DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
BUILDINGS	1,431,590.	223,343.	1,208,247.
FURNITURE & FIXTURES	140,721.	96,696.	44,025.
LAND	154,705.	0.	154,705.
MACHINERY & OTHER EQUIPMENT	155,358.	86,875.	68,483.
TOTAL TO FORM 990, PART IV, LN 57	1,882,374.	406,914.	1,475,460.

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FORM 990	OTHER ASSETS	STATEMENT	8
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DESCRIPTION	AMOUNT
ENDOWMENT FUND	1,326,952.
EMPLOYEE ADVANCE	750.
TOTAL TO FORM 990, PART IV, LINE 58, COLUMN B	1,327,702.

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FORM 990	OTHER LIABILITIES	STATEMENT	9
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DESCRIPTION	AMOUNT
ENDOWMENT FUND PAYABLE	51,511.
PENSION FUND PAYABLE	41,380.
CAPITAL LEASE OBLIGATION	10,369.
TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B	103,260.

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FORM 990	LIST OF STATES RECEIVING COPY OF RETURN PART VI, LINE 90	STATEMENT	10
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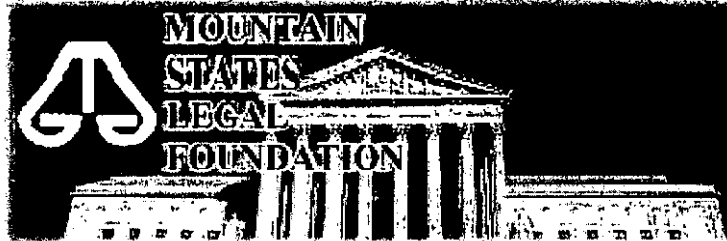


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STATES

AR, ME, MI, MN, MS, NM, NY, NC, OK, OR, PA, SC, TN, VA, WA, CO, KY, UT, FL, KS, IL

SCHEDULE A	OTHER INCOME			STATEMENT 11
DESCRIPTION	2006 AMOUNT	2005 AMOUNT	2004 AMOUNT	2003 AMOUNT
PROP TAX REIMBURSEMENT	0.	0.	0.	824.
INSURANCE REIMBURSEMENT	0.	0.	0.	9,646.
OTHER	8.	70.	93.	0.
TOTAL TO SCHEDULE A, LINE 22	8.	70.	93.	10,470.



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## **Mountain States Legal Foundation**

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(a Colorado Nonprofit Corporation)

### **Financial Statements**

*December 31, 2007*

# Mountain States Legal Foundation

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**Independent Auditors' Report**

The Board of Directors  
Mountain States Legal Foundation  
Lakewood, Colorado

We have audited the accompanying statement of financial position of Mountain States Legal Foundation (the "Foundation") (a nonprofit organization) as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's 2006 financial statements and, in our report dated April 27, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Brock and Company CPAs P.C.*

Certified Public Accountants

# Mountain States Legal Foundation

## Statement of Financial Position

December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u> (Comparative Totals Only)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,338,565	\$ 1,028,710
Investments	35,481	143,657
Contributions and other receivables	330,502	328,163
Prepaid expenses and other current assets	31,733	28,531
Total current assets	<u>1,736,281</u>	<u>1,529,061</u>
<b>Beneficial interest in assets held by the Denver Foundation</b>	<u>1,326,952</u>	<u>1,139,518</u>
<b>Property and Equipment</b>		
Land	154,705	154,705
Building	1,399,406	1,397,718
Office equipment	155,357	138,732
Furniture and fixtures	140,721	140,721
Professional library	32,185	32,185
Total property and equipment	1,882,374	1,864,061
Less accumulated depreciation	<u>(406,914)</u>	<u>(355,258)</u>
Net property and equipment	<u>1,475,460</u>	<u>1,508,803</u>
Total assets	<u>4,538,693</u>	<u>4,177,382</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	29,354	36,427
Compensated absences	134,137	105,391
Pension payable	41,380	32,398
Endowment fund	51,511	33,190
Accrued expenses	-	136
Current portion of capital lease obligation	4,184	3,831
Total current liabilities	260,566	211,373
<b>Capital lease obligation, net of current portion</b>	<u>6,185</u>	<u>10,487</u>
Total liabilities	<u>266,751</u>	<u>221,860</u>
<b>Net Assets</b>		
Unrestricted	3,584,410	3,349,393
Temporarily restricted	-	-
Permanently restricted	687,532	606,129
Total net assets	<u>4,271,942</u>	<u>3,955,522</u>
Total liabilities and net assets	<u>\$ 4,538,693</u>	<u>\$ 4,177,382</u>

# Mountain States Legal Foundation

## Statement of Activities

Years ended December 31

	Unrestricted	Temporarily Restricted	Permanently Restricted
<b>Revenues</b>			
Contributions	\$ 2,850,053	\$ -	\$ 81,403
Net appreciation in fair value of investments	107,855	-	-
Interest and dividend income	57,988	-	-
Loss on disposition of equipment	(1,520)	-	-
Other	645	-	-
Net assets released from restrictions	-	-	-
Total revenues	<u>3,015,021</u>	<u>-</u>	<u>81,403</u>
<b>Expenses - Legal</b>			
Salaries and benefits	920,359	-	-
Office expense	228,650	-	-
Outside professional services	61,040	-	-
Printing	10,640	-	-
Travel	24,686	-	-
Total expenses - legal	<u>1,245,375</u>	<u>-</u>	<u>-</u>
<b>Development</b>			
Salaries and benefits	19,334	-	-
Office expense	16,082	-	-
Travel	1,153	-	-
Total development	<u>36,569</u>	<u>-</u>	<u>-</u>
<b>General and Administrative</b>			
Salaries and benefits	79,664	-	-
Office expense	20,261	-	-
Outside professional services	20,347	-	-
Travel	577	-	-
Total general and administrative	<u>120,849</u>	<u>-</u>	<u>-</u>
<b>Communication and Education</b>			
Salaries and benefits	27,967	-	-
Office expense	698,774	-	-
Travel	577	-	-
Total communication and education	<u>727,318</u>	<u>-</u>	<u>-</u>
<b>Fundraising</b>			
Salaries and benefits	179,792	-	-
Office expense	445,506	-	-
Outside professional services	21,956	-	-
Travel	2,639	-	-
Total fundraising	<u>649,893</u>	<u>-</u>	<u>-</u>
Total expenses	<u>2,780,004</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	235,017	-	81,403
<b>Net Assets - Beginning of Year</b>	<u>3,349,393</u>	<u>-</u>	<u>606,129</u>
<b>Net Assets - End of Year</b>	<u>\$ 3,584,410</u>	<u>\$ -</u>	<u>\$ 687,532</u>



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<u>2007</u>	<u>2006</u> (Comparative Totals Only)
\$ 2,931,456	\$ 2,568,801
107,855	121,847
57,988	44,501
(1,520)	(10,078)
645	8
-	-
<u>3,096,424</u>	<u>2,725,079</u>
920,359	859,731
228,650	164,710
61,040	54,819
10,640	15,182
<u>24,686</u>	<u>37,398</u>
<u>1,245,375</u>	<u>1,131,840</u>
19,334	18,979
16,082	14,887
<u>1,153</u>	<u>1,075</u>
<u>36,569</u>	<u>34,941</u>
79,664	75,050
20,261	18,327
20,347	18,273
<u>577</u>	<u>538</u>
<u>120,849</u>	<u>112,188</u>
27,967	25,221
698,774	618,487
<u>577</u>	<u>537</u>
<u>727,318</u>	<u>644,245</u>
179,792	164,469
445,506	360,672
21,956	135,470
<u>2,639</u>	<u>3,916</u>
<u>649,893</u>	<u>664,527</u>
<u>2,780,004</u>	<u>2,587,741</u>
316,420	137,338
<u>3,955,522</u>	<u>3,818,184</u>
<u>\$ 4,271,942</u>	<u>\$ 3,955,522</u>

# Mountain States Legal Foundation

## Statement of Cash Flows

Years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u> (Comparative Totals Only)
<b>Cash Flows From Operating Activities</b>		
Cash received from donors	\$ 2,929,117	\$ 2,425,955
Interest and dividends received	57,988	44,501
Miscellaneous cash receipts	645	8
Interest paid	(1,094)	(952)
Cash paid to suppliers and employees	<u>(2,678,810)</u>	<u>(2,441,580)</u>
Net cash provided by operating activities	<u>307,846</u>	<u>27,932</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(22,639)	(6,686)
Net (acquisitions) sales of investments	<u>110,000</u>	<u>35,323</u>
Net cash provided (used) by investing activities	<u>87,361</u>	<u>28,637</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments from capital lease obligation	(3,949)	(2,255)
Contributions restricted for permanent endowment	<u>(81,403)</u>	<u>(47,444)</u>
Net cash used by financing activities	<u>(85,352)</u>	<u>(49,699)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>309,855</b>	<b>6,870</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u><b>1,028,710</b></u>	<u><b>1,021,840</b></u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><b>\$ 1,338,565</b></u>	<u><b>\$ 1,028,710</b></u>
<b>Non Cash Investing and Financing Activities:</b>		
<b>Investing Activities</b>		
Acquisition of equipment under capital lease	\$ -	\$ (16,573)
<b>Financing Activities</b>		
Issuance of capital lease obligation for equipment	-	16,573

# Mountain States Legal Foundation

## Statement of Cash Flows

Years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u> (Comparative Totals Only)
<b>Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities</b>		
Changes in net assets	<u>\$ 316,420</u>	<u>\$ 137,338</u>
<b>Adjustments to Reconcile Excess of Revenues over Expenses to Net Cash Provided by Operating Activities</b>		
Depreciation	54,462	51,414
Loss on disposition of equipment	1,520	10,078
(Gain) loss on sale of investments	(938)	293
Unrealized appreciation on investments	(106,917)	(122,140)
(Increase) decrease in receivables	(2,339)	(142,846)
(Increase) decrease in prepaid expenses and other current assets	(3,202)	35,664
Increase in payables and accrued expenses	<u>48,840</u>	<u>58,131</u>
Total adjustments	<u>(8,574)</u>	<u>(109,406)</u>
<b>Net Cash Provided by Operating Activities</b>	<u><b>\$ 307,846</b></u>	<u><b>\$ 27,932</b></u>

# Mountain States Legal Foundation

## Notes to Financial Statements

December 31, 2007

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### Note 1 – Nature of Operations and Summary of Significant Accounting Policies

**Nature of Operations** Mountain States Legal Foundation (the "Foundation") is organized as a nonprofit corporation. The Foundation was created to bring litigation in the public interest in order to effect legal reform. Such litigation involves the representation of clients individually. The nature and extent of such representation varies depending upon the facts and circumstances of each case. The Foundation's Articles of Incorporation do not provide for the issuance of certificates of capital stock. Additionally, no part of the fund balance shall inure to the benefit of, or be distributable to its members, board of directors, officers or other persons. The Foundation is exempt from federal and state income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code. The Foundation is a publicly supported charity under Sections 509(a)(1) and 170(b)(1)(A)(VI) of the code, and contributions to the Foundation are deductible.

**Basis of Presentation** Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The financial statements have been presented using the accrual basis of accounting.

**Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents** The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Investments** The Foundation carries investments in marketable securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

**Property and Equipment** Property and equipment are stated at cost. The cost and accumulated depreciation or amortization of items sold or retired are removed from the respective accounts and the resulting gain or loss is included in revenues or expenses in the period in which the items are sold or retired. Maintenance and repairs are charged to expense as incurred. Major renewals and improvements are capitalized and depreciated over their useful lives.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the related assets ranging from 8 to 40 years. The initial costs of assets capitalized at the Foundation's inception, are now fully depreciated. Current additions to library are charged to expense.

**In-Kind Contributions** In-kind contributions are recorded at the fair market value of the donated asset. In-kind contributions totaled \$1,259 for 2007.

**Functional Expenses** Certain expenses, including salaries, travel and office expenses are allocated among functional expense classifications based on management's estimates of effort expended.

**Comparative Financial Information** The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

# Mountain States Legal Foundation

## Notes to Financial Statements

December 31, 2007

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### Note 2 – Concentrations

Certain cash deposits at the Foundation's financial institutions exceed the FDIC's insured amount of \$100,000.

### Note 3– Beneficial Interest in Assets Held by the Denver Foundation

The Mountain States Legal Foundation ("MSLF") Endowment Fund was originally established in 1995, as amended and restated in 2000, at the Denver Foundation. Under the terms of the agency agreement, the Denver Foundation shall hold, manage, invest, administer and distribute all such assets in one or more endowment funds known as the Mountain States Legal Foundation Fund.

The Denver Foundation holds investments on behalf of MSLF in two funds; an endowment fund, and an income depletion fund. The income depletion fund is funded from transfers from the endowment fund according to provisions in the agency agreement. MSLF has full access to both the principal and interest in the income depletion fund. Principal contributions to the endowment fund are permanently restricted.

The Foundation records investments held by the Denver Foundation pursuant to SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*. Accordingly, it has recorded an asset on the statement of financial position for the investments held by the Denver Foundation. At December 31, 2007, \$687,532 of the \$1,326,952 of assets held by the Denver Foundation are permanently restricted.

### Note 4– Investments

The Foundation's investments at December 31, 2007 are stated at fair value and consist of high-grade government bonds, as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
High-grade government bonds	\$ 35,438	\$ 35,481	\$ 43

Investment income is summarized as follows:

Interest and dividend income	\$ 57,988
Net realized and unrealized gains	<u>107,855</u>
	<u>\$ 165,843</u>

# Mountain States Legal Foundation

## Notes to Financial Statements

December 31, 2007

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### Note 5 – Retirement Plans

**Money Purchase Retirement Plan** Substantially all employees (with the exception of one officer who has elected out of coverage) of the Foundation are covered by a money purchase retirement plan. The method of determining monthly plan contributions is based upon 7% of eligible participants' salaries. The Foundation's contribution to the trustee fund, net of forfeitures for terminated employees, amounted to \$41,380 and \$33,700 for the years ended December 31, 2007 and 2006, respectively.

**Tax-Deferred Annuity Plan** The Foundation sponsors a non-contributory tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish.

### Note 6 – Allocation of Joint Costs

The organization conducts activities that include requests for contributions, as well as program and management and general components. These activities include direct mail campaigns. The Foundation also engages the services of an outside professional fundraising service firm. The costs of conducting these activities include a total of \$2,222,753 of joint costs, which are not specifically attributable to particular components of the activities (joint costs). These joint costs are allocated as follows:

Fundraising	\$ 424,160
Management and general	<u>1,798,593</u>
	<u>\$ 2,222,753</u>

### Note 7 – Designated Funds

**Future Operating Expenses** The Board of Directors has decided to invest a portion of contributions received and designate the funds to be used for future operational expenses. The following make up these designated funds at December 31, 2007 and 2006, and are recorded at fair market value:

	<u>2007</u>	<u>2006</u>
Investments:		
High-grade corporate and government bonds	\$ 35,481	\$ 143,657
Money market funds	<u>173,086</u>	<u>53,958</u>
	<u>\$ 208,567</u>	<u>\$ 197,615</u>

Note that the money market funds are recorded in cash and cash equivalents. These funds are restricted designations imposed internally and are recorded as unrestricted assets.

**Ongoing Litigation** A portion of the Foundation's funds are designated for ongoing cases in which the Foundation is currently involved. At December 31, 2007 and 2006, the Foundation has estimated future expenditures on existing cases to be approximately \$35,000 and \$40,000. The cases are classified in the following general categories:

	<u>2007</u>	<u>2006</u>
Public land/Natural resources	\$ 15,000	\$ 15,000
Constitutional	15,000	20,000
Free enterprise	<u>5,000</u>	<u>5,000</u>
	<u>\$ 35,000</u>	<u>\$ 40,000</u>

# Mountain States Legal Foundation

## Notes to Financial Statements

December 31, 2007

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### Note 8 – Capital Lease

During 2006, the Foundation entered into a capital lease agreement for a copier. The lease agreement provides for an interest rate of 8.85% and a maturity date in April 2010. Amortization expense of the capital lease amounted to \$3,831 for the year ended December 31, 2007 and such amount is included in depreciation expense in the accompanying financial statements. The following is a schedule by years of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2007:

Year ending December 31:

2008	\$ 4,935
2009	4,935
2010	<u>1,645</u>
Total minimum lease payments	11,515
Less: amount representing interest	<u>(1,146)</u>
Present value of minimum lease payments	<u>\$ 10,369</u>